

**CHAPTER 3****CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES****0301 INTRODUCTION**

030101. Purpose. This Chapter prescribes the overall policy and assigns responsibilities for the acceptance, receipt, use, and reporting of monetary and non-monetary contributions (real and personal property and services) to the Department of Defense (DoD) under Title 10, United States Code, section 2608. Authorities to accept contributions under Title 10, United States Code, section 2350j and Public Law 103-335, section 8053, are not included in this chapter.

030102. Defense Cooperation Account. A special account is established in the Treasury of the United States for receipt of monetary contributions and proceeds from the sale of real or personal property contributions accepted by the Secretary of Defense, or designee under Title 10, United States Code, section 2608.

**0302 AUTHORITY**

030201. Secretary of Defense. Title 10, United States Code, section 2608 provides authority for the Secretary of Defense (SECDEF) to accept from any person, business, foreign government, or international organization, any contribution of money or real or personal property made by such person, business, foreign government, or international organization for use by the Department.

030202. Under Secretary of Defense (Comptroller) (USD(C)). Authority to accept such contributions has been delegated to the USD(C), who also serves as the single point of contact in the Department for the Departments of State and the Treasury with respect to all matters involving the receipt, administration and distribution of contributions of funds from foreign countries for defense programs.

030203. DoD Components. The DoD Components, have authority to accept non-monetary contributions from friendly persons, businesses or international organizations.

**0303 CONTRIBUTIONS****030301. Non-Monetary Contributions**

A. Offers of non-monetary contributions from friendly persons, business, foreign governments or international organizations may be accepted by the DoD Component.

Prior to acceptance of non-monetary contributions the accepting DoD Component shall document the following details and maintain such documents for reporting identified in this chapter.

1. A description of the contribution.
2. Estimated value of the contribution.
3. The name of the organization, individual or business contributing the item.
4. The operational requirement for the contribution, if any requirement exists.
5. Justification that acceptance of the contribution is preferable to obtaining the item through existing DoD supply channels, if a like requirement of the Department exists.

B. Valuation methods that generally should be used to determine the value of non-monetary contributions are as follows:

1. The value of the contributed item as reported by the contributor.
2. The recent DoD acquisition price for a similar item, if normally acquired by the Department.
3. The current DoD standard price for a similar item, if normally acquired by the Department.

C. If requested, the DFAS Deputy Director for Accounting (DFAS-HQ/A) will assist the accepting DoD Component in establishing the value of non-monetary items accepted.

030302. Monetary Contributions. The DoD Components shall notify the USD(C) or designee of all monetary contributions prior to acceptance of such contributions. As a rule, monetary contributions should be accepted without restrictions, i.e., without designations for specific programs or purposes. Offers of monetary contributions with restrictions require written approval from the USD(C) prior to acceptance. Copies of all notifications shall be sent to the DFAS (Attention: DFAS-HQ/AE).

A. Contributions in Cash

1. The DoD Component shall deposit all cash contributions, including proceeds from the sale of any contributed property, to the Defense Cooperation Account as soon as practical.

2. Consistent with sound cash management practices, any cash received by the DoD Components shall be either converted into a check and forwarded to the DFAS using overnight delivery service, or deposited into a Treasury General Account with funds transferred to the Defense Cooperation Account via electronic funds transfer--whichever process results in the earliest deposit of funds into the Defense Cooperation Account.

3. The DoD Component shall ensure that any funds forwarded by electronic funds transfer are deposited within 24 hours into the Defense Cooperation Account under ALC 9720010 and Account Number 97X5187.1. Additionally, the DoD Component shall notify the DFAS (DFAS-HQ/AE) prior to forwarding any funds electronically.

4. Documentation associated with cash contributions, including copies of deposit tickets, and the original of correspondence from contributors shall be forwarded by the DoD Component within 24 hours of the deposit using overnight delivery service, to the DFAS, ATTN: DFAS-HQ/AE.

**B. Contributions by Check**

1. Checks received by DoD officials shall be made payable to the "United States Treasury." The reference line on the check should indicate the "Defense Cooperation Account."

2. Checks received by DoD officials shall be forwarded to the DFAS ATTN: DFAS-HQ/AE, Investment Trust Directorate, Room 200, 1931 Jefferson-Davis Hwy, Arlington, VA 22240-5291, or electronically transferred to the Defense Cooperation Account in accordance with paragraph 100302A4 above as applicable. The DFAS shall deposit such funds within 24 hours of receipt into the Defense Cooperation Account under ALC 9720010 and Account Number 97X5187.1.

3. Documentation associated with check contributions, including copies of checks, deposit tickets, and the original of any correspondence from contributors shall be forwarded by the DoD Component within 24 hours of the deposit using overnight delivery service, to the DFAS, ATTN: DFAS-HQ/AE.

**C. Contributions by Wire Transfer**

1. Contributions by wire transfer eliminates delays in receiving deposits and provide the most efficient preliminary accounting information for investment purposes.

2. Donors may make contributions to the Defense Cooperation Account via electronic funds transfer from commercial banks to “Account Number 1” in the Federal Reserve Bank of New York (as Fiscal Agent of the United States). The Federal Reserve Bank of New York shall credit the Department accordingly, using the format in Figure 3-1.

3. Documentation associated with wire transfer contributions, including the original of any correspondence from contributors shall be forwarded within 24 hours of the deposit using overnight delivery service, to the DFAS ATTN: DFAS-HQ/AE.

D. Contributions in Foreign Currencies (Cash or Check). When a DoD Component becomes aware of a planned, large contribution (\$1 million or more) to be made in foreign currency, the DoD Component shall:

1. Request the donor to provide as much lead time as possible regarding the amount of the contribution and the estimated date the contribution will be made.

2. Advise the DFAS ATTN: DFAS-HQ/AE of any planned contributions and continue to keep that office advised of the status until the currency transfer is made by the donor.

3. Request the donor to credit the foreign currency contribution to the Federal Reserve Bank of New York “Account Number 1” via the donor’s central bank. If the Federal Reserve Bank does not maintain an account with a particular donor, the DoD Component should seek guidance from the DFAS-HQ-A, for appropriate alternative arrangements.

4. Foreign checks received by DoD officials shall be converted to a check denominated in U.S. dollars prior to being forwarded to the DFAS or transferred electronically into the Defense Cooperation Account.

5. Cash and checks received by DoD officials in countries not served by a DoD disbursing officer shall be delivered to the nearest U.S. Embassy within 24 hours of receipt for deposit in the Defense Cooperation Account, under ALC 97200010 and Account Number 97X5187.1.

#### 0304 REPORTING REQUIREMENTS

030401. Not later than 10 days after the end of each quarter, each DoD Component shall submit a report, including negative reports, to the DFAS ATTN: DFAS-HQ/AE, Room 200, 1931 Jefferson- Davis Hwy, Arlington, VA 22240-5291, that identifies the following:

**A. Non-Monetary Contributions Received**

1. A description of each item received.
2. The value of each item received, including the valuation method used.
3. The name of the contributor for each item received.
4. The date each item was received.
5. Details of any restrictions, conditions or other relevant information regarding each contribution.
6. If two more like items are received from different sources the items are to be accounted for separately to permit identification of items received.

**B. Non-monetary Contributions Sold**

1. A description of each item sold.
2. The proceeds of each item sold.
3. The name of the contributor for each item sold.
4. The date each item was sold.
5. The name of the purchaser for each item sold.
6. If two or more like items are received from different sources the items are to be accounted for separately to permit identification of items when sold.
7. Details of any other relevant information regarding each item sold.

**C. Monetary Contributions Received**

1. The dollar amount of each contribution.
2. Name of the donor for each contribution received.
3. The date each item was received.

4. Details of any restrictions or conditions or other relevant information regarding each contribution.

030402. Not later than 15 days after the end of each quarter, the DFAS shall prepare and forward to the USD(C) a report to be submitted to the Congress that provides the following information.

A. Summary values of monetary and non-monetary contributions accepted during the month.

B. A description of all property valued at more than \$1 million. In determining whether the \$1 million threshold has been met, the following procedures shall be used:

1. The value of similar items accepted during the quarter shall be added together.

2. The value of components which, if assembled, would comprise all or a substantial portion of an item or facility shall be added together.

#### 0305 INVESTMENT PROCEDURES

030501. General. Consistent with good cash management practices, funds in the Defense Cooperation Account shall be invested in Government securities until distribution is authorized. Generally, investments are limited to U.S. Treasury bills maturing in 90 days or less.

030502. Purchasing Government Securities. The DFAS ATTN: DFAS-HQ/AE shall follow the procedures below for purchasing Government securities.

A. Daily, after all contributions and other transactions have been entered into the Defense Cooperation Account, generate a Preclosing Trial Balance.

1. Verify the amount in account 1010, Fund Balance with Treasury, with the amount entered in the Cash Book for the same day.

2. Research and correct any differences between account 1010 and the Cash Book immediately.

B. A security investment can be purchased if account 1010 has a balance sufficient to purchase a \$10,000 Treasury bill or a \$1,000 U.S. Treasury note or bond. Information on prices, maturities, and yields of U.S. Treasury securities generally can be found in the financial section of major newspapers.

- C. Select a U.S. Treasury security from those available.
- D. Complete the applicable sections in the Memorandum for Purchase or Sale of Investments.
- E. Telephone the Finance Management Branch, Financial Management Service (FMS), U.S. Department of the Treasury before 11:00 a.m. on the day of the investment at (202) 208-1450.
  - 1. The following information shall be provided to the Treasury representative.
    - a. Account: Defense Cooperation Account
    - b. Transaction Type: Purchase
    - c. Transaction Date: (Date the security will be purchased)
    - d. Type of Security: (Specify)
    - e. Date of maturity: (Specify)
    - f. Amount: (Amount available in account 1010, Fund Balance with Treasury)
  - 2. Complete the coordination section of the Memorandum for Purchase or Sale of Investments.
  - 3. Prepare a confirmation memorandum supporting the telephone call and fax a copy of the memorandum to the FMS Finance Management Branch normally on the same day as the transaction (Fax Number (202) 377-9597).
  - 4. The day after the transaction, call the Finance Management Branch to obtain the face amount, discount or premium, interest purchase (if any), and the price of the security purchased. Record this information on the Memorandum for Purchase or Sale of Investments. The Finance Management Branch should provide written confirmation of the information received by phone.
  - 5. Complete the Purchases Input Worksheet and update the Defense Cooperation Account system. Once this has been accomplished, a person other than the one

making input must sign the Purchase Input Worksheet confirming that the Defense Cooperation Account was updated for the Purchase.

030503. Selling Securities. The DFAS ATTN: DFAS-HQ/AE shall follow the procedures below to sell Government securities.

A. The Office of the Deputy Comptroller (Program/Budget) will determine the amount needed for payment or transfer. The Fund Manager, DFAS ATTN: DFAS-HQ/AE, normally shall sell securities to cover the amount needed if no securities mature on that day or contributions are not received. The decision as to which securities will be sold will depend on current economic conditions.

B. Select a security or securities for sale.

C. Complete the appropriate data elements on the Memorandum for Purchase or Sale of Investments.

D. Telephone the Finance Management Branch, Financial Management Service, U.S. Department of the Treasury before 11:00 a.m. on the day of the sale.

1. Provide the Treasury representative the following information:

- a. Account: Defense Cooperation Account
- b. Transaction Type: Sale
- c. Transaction Date: (Date security will be sold)
- d. Type of security: (Specify)
- e. Interest Rate: (Enter applicable rate only if Notes or Bonds are sold)
- f. Date of maturity: (Specify)
- g. Amount: (Minimum amount of proceeds from the sale required to cover any projected negative amount in account 1010)

2. Complete the coordination section of the Memorandum for Purchase or Sale of Investments.

3. Send a confirmation letter to the FMS Finance Management Branch via fax, normally on the same day as the transaction.



4. The day after the transaction date, call the FMS Finance Management Branch to obtain the principal amount and the interest earned. Record this information on the Memorandum for Purchase or Sale of Investments. The Finance Management Branch should provide written confirmation of the information received by phone.

5. Prepare Sale Input Worksheet and update the Defense Cooperation Account system. Once this has been accomplished, a person other than the one making the input must verify the input as soon as possible to ensure that the system has the correct data.

030504. Maturing Securities. The DFAS shall maintain a tracking system that identifies impending maturities and collections of securities for the Defense Cooperation Account and ensure appropriate reinvestment action is taken upon maturity of a security.

030505. Payments or Transfers. Payments or transfers from the Defense Cooperation Account must be authorized by the Congress. The USD(C) will provide withdrawal notification to the DFAS which shall ensure appropriate action is taken.

030506. Annual Reviews. The DFAS-HQ will conduct an annual review of the Defense Cooperation Account operations and transactions, including the purchase and sale of investments. The objective of the review will include compliance with the DoD and the Treasury policies and procedures, and adequacy of internal controls.

SAMPLE FORMAT  
WIRE TRANSFERS TO THE U.S. TREASURY

The sample format for wire transfers for credit to U.S. Treasury Defense Cooperation Account (remaining blocks to be filled by the sender or the sending bank, in accordance with the attached wire transfer instructions) is as follows:

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I _____ I
  (1)      (2)
I 021030004 I _____ I
  (3)      (4)      (5)
I _____ I _____ I _____ I
                      (6)
I _____ / _____ I
  (7)      (8)
I TREAS NYC I CTR I _____
  (9)              (10)
IBNF=/AC-97200010 I OBI=to the Defense Cooperation Account I
                      (10)
I(Acct. No. 97X5187.1) for Programs, Projects, and I
                      (10)
I Activities from (name of donor) _____ I

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FIGURE 3-1

**MONETARY CONTRIBUTIONS BY WIRE TRANSFER  
INSTRUCTIONS**

The following is a guide for filling out the funds transfer form (Figure 3-1) which should be available at the sending financial institution.

1. RECEIVER DEPOSITARY FINANCIAL INSTITUTION (DFI) No. The Treasury Department's American Bankers Association (ABA) number for deposit messages is 021030004. This number shall be entered by the sending bank for all deposit messages sent to Treasury for credit to the Defense Cooperation Account.
2. TYPE-SUBTYPE CODE. The type and subtype code is provided by the sending bank.
3. SENDER DFI NO. This number is provided by the sending bank.

4. SENDER REFERENCE No. The sixteen (16) character reference number is inserted by the sending bank at its option.
5. AMOUNT. The transfer amount shall be in U.S. dollars and must be punctuated with commas and a decimal point; use of the dollar sign is optional.
6. SENDER DFI NAME. This information is automatically inserted by the Federal Reserve Bank.
7. RECEIVER DFI NAME. The Treasury Department's name for deposit messages is "TREAS NYC." The name should be entered by the sending bank.
8. PRODUCT CODE. A product code of "CTR" for customer transfer should be the first data in the RECEIVER - TEXT field. Other values may be entered, if appropriate, using the ABA's options. A slash must be entered after the product code.
9. AGENCY LOCATION CODE (ALC). The agency location code is of critical importance and must appear in the precise manner stated to allow for automated processing and classification to the ALC of the Department of Defense. The sequence includes the beneficiary code tag (BNF) and indicator code (/AC) followed by the Defense Department's eight (8) digit ALC (97200010) for this account. The ALC identification sequence can, if necessary, begin on one line and end on the next line. However, the field beneficiary code tag (BNF) must be one line and cannot contain any spaces.
10. THIRD PARTY INFORMATION. The reason for the funds transfer should appear in this field. The originator-to-beneficiary information field tag (OBI=) is used to signify the beginning of free-form text. An example follows: BNF=/AC-97200010 OBI=to the Defense Cooperation Account(97X5187) for defense programs, projects, and activities from (Name of Donor).

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